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Review on December 31, 1981

State Dept. review completed

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Estimated Cost to USG

Estimated Cost to US Economy

Remarks

Contemplated Measure

Phase I

1. Expel all Soviet commercial representatives, close their offices and close our commercial offices in the USSR.	Negligible	Impossible to estimate, but small	If the Soviets retaliate by expelling US private commercial representatives, a loss of \$10-15 million investment and possible loss of some export sales.
2. Reduce Soviet diplomatic representation in the US. Mandate that the Soviets can have no more diplomats in Washington than we do in Moscow. Reduce levels in both places.	None	None	Actually a small saving.
3. Cancel all cultural, scientific and academic agreements with the Soviet Union.	None	Negligible	A saving of some \$1 million - \$1.7 million.
4. Suspend negotiations on a new Maritime Agreement and impose strict port access requirements when the present agreement expires on December 31.	None	Negligible	
5. Escalate radio broadcasting and anti-jamming activities toward the Soviet Union.	\$1 million	None	
6. Seek condemnation of the Soviet Union in international organizations, e.g., UN, ILO, CSCE.	None	None	
7. Ban Soviet fishing in US waters.	None	\$4 million involving a US/Soviet joint venture.	There is no fishing now as such.

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<u>Contemplated Measure</u>	<u>Estimated Cost to USG</u>	<u>Estimated Cost to US Economy</u>	<u>Remarks</u>
8. Halt export of all oil and gas equipment and technology to the Soviet Union.	None	\$210 million/year for at least 2 years	
9. Propose an early meeting between Secretary Haig and Mr. Gromyko. At present it is scheduled for January 26-28.	None	None	
10. Cancel Haig-Gromyko meeting scheduled for January 26-28.	None	None	
11. Do not issue Caterpillar pipelayer license.	None	\$90 million year one \$200 million future years Loss of 1600 jobs	
12. Discourage tourist travel to the USSR.	None	Negligible	
13. Pressure US banks to suspend all credits to the USSR. Suspend negotiations on economic matters.	None	None	The funds would be lent elsewhere, but there would be market distortion costs and interference with the regulatory system.
14. Delay or refuse to set new dates for talks on the "Long-Term Grain Agreement."	Impossible to estimate	Impossible to estimate	Would depend on eventual outcome
15. The four major grain suppliers to the USSR are the US, Canada, Australia and Argentina. Diplomatic action should be initiated to determine if we can get an agreement on a world-wide grain embargo.	None	None	

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<u>Contemplated Measure</u>	<u>to USG</u>	<u>US Economy</u>	<u>Remarks</u>
16. Begin talks immediately with our Allies to see if we can get the Siberian Pipeline Project cancelled.	None	Same as (8) if successful, somewhat offset perhaps by sales to other countries for alternative projects.	
17. Call for an emergency CSCE meeting on Poland.	None	None	
<u>Phase II</u>			
1. Suspend Aeroflot service.	None	None which can be definitely foreseen.	Pan Am may lose valuable over-flight rights.
2. Impose a total embargo on all high technology items to the Soviet Union.	None	Approximately \$80 million in 1982.	
3. Suspend all validated export licenses to the USSR for electronics, computers and high technology categories, including International Harvester.	None	\$300 million over a 5-year period for International Harvester plus (2) above. A loss of 300 jobs.	This may bring the bank rescheduling of the International Harvester debt into question.
4. Walk out of CSCE meeting in Madrid after denouncing the Soviets.	None	None	
5. Recall Ambassador Hartman.	None	None	
6. Discontinue INF talks.	None	None	Small saving.
7. Conduct high-level, high profile consultations with the Chinese.	None	None	

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Contemplated Measure

Estimated Cost  
to USG

Estimated Cost to  
US Economy

Remarks

Phase III

1. Announce we consider the Helsinki Final Act null and void.	None	None	
2. Pull out of the MBFR negotiations.	None	None	Small saving.
3. Impose a total trade embargo on the USSR.	\$6-8 billion in 1982/83 in price support programs.	\$10 billion in 1982/1983 (75% agricultural) below. A loss of 160,000 jobs.	See Notes (1) and (2)
4. Ask Ambassador Dobrynin be recalled to the USSR along with the return of Ambassador Hartman.	None	None	
5. Close US ports to Soviet ships.	None	Negligible	

Notes

1. To some extent grains are fungible. Thus some of the export sales to the USSR we would lose would presumably be made up by sales to traditional markets of other grain exporting countries to whom the Soviets would turn. It should be noted that the greater the degree of cooperation we get from other grain exporting countries the greater would be our cost in price support programs.

2. Our highest dependency on the USSR for imports is in chromite, palladium and titanium sponge. The disruptions would affect catalytic converters for cars and specialty steel production. Higher cost alternates could be arranged in 3-9 months.

Measures vis-a-vis Poland

It has been suggested that as a carrot we may wish to offer Poland substantial assistance should the Martial Law measures be reversed. Our best estimate is that such a program would cost us at least \$2,420 million through FY 1985 and more likely \$5-6 billion. This on the assumption of a 20% share in program costs (the other 80% to be borne by our allies).

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Attachments

1. State Paper
2. Treasury Paper
3. Commerce Paper
4. USTR Paper

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